XOM — EQUITY RESEARCH

ExxonMobil Holdings Corporation · Energy / Integrated Oil & Gas · 11 November 2026 Price $166.71 · Market cap $680.0B · Enterprise value $708.9B

EXECUTIVE SUMMARY

HOLD with a **$175** price target (**+5.0%**) over 12 months. ExxonMobil is the highest-quality cash-return story in integrated oil and it is priced like it. FY2025 revenue was $323.9B, net income $28.8B and free cash flow $23.6B, but capital expenditure rose to $28.4B — 55% of operating cash flow — as the company funds Guyana, Permian and low-carbon projects. At 9.1x EV/EBITDA and 1.83x EV/sales, against 1.00x and 1.04x sales for Shell and TotalEnergies, and with the stock 11% below its 52-week high after a 43% one-year run, the risk/reward is balanced rather than attractive. Consensus is $184.50 across 22 analysts. We would be buyers on a pullback toward $145-150, which is where the free-cash-flow yield covers the dividend twice.

FUNDAMENTAL ANALYSIS

Recent financial metrics. FY2025 revenue $323.91B, down 4.5% from $339.25B, with gross margin 22.0%, operating income $33.94B (10.5% margin) and net income $28.84B (8.9%). EBITDA $67.86B, operating cash flow $51.97B, capex $28.36B and free cash flow $23.61B. Return on equity 15.5%. The margin structure is holding up well for a year in which crude prices were lower than 2022-2023.

Metric	FY2022	FY2023	FY2024	FY2025
Revenue ($B)	398.68	334.70	339.25	323.91
Gross margin	25.9%	25.1%	22.6%	22.0%
Operating income ($B)	64.03	44.46	39.65	33.94
Net income ($B)	55.74	36.01	33.68	28.84
Free cash flow ($B)	58.39	33.45	30.72	23.61

Peer comparison. Exxon trades at 17.2x trailing and 13.4x forward earnings and 1.83x EV/sales. Chevron is at 15.5x/12.9x and 1.96x sales, ConocoPhillips 14.5x/12.2x and 2.56x, Shell 8.4x/8.7x and 1.00x, BP 22.1x/7.4x and 2.18x, TotalEnergies 8.8x/7.2x and 1.04x. The European majors are cheaper on both measures; the US peers are close. Exxon's premium is for balance-sheet quality and shareholder returns, and it is close to the limit of what that premium can justify.

Forward outlook. The forward P/E of 13.4x implies roughly $12.44 of EPS, above the $9.72 implied by trailing earnings — consensus expects an earnings recovery. That is a bet on crude and refining margins, not on company-specific execution. Capex at 55% of operating cash flow is the swing factor: if project spending peaks in 2027 as guided, free cash flow rises even with flat oil.

CATALYST ANALYSIS

Near-term (0-6 months). Q4-2025 results in late January/early February, with the corporate plan update usually in December. The market will focus on the 2026 buyback pace and whether capex guidance comes down. OPEC+ supply

decisions and the forward curve for Brent are the dominant exogenous variables.

Medium-term (6-24 months). Guyana and Permian volume growth, the two assets that underwrite the low-cost position. Completion of the Pioneer integration and the low-carbon project spend (hydrogen, CCS) are the capital-allocation questions. A peak in project capex in 2027 would be the single largest positive catalyst for free cash flow.

Event-driven. Dividend growth (2.57% yield, 62 consecutive years of increases) and buybacks. Asset sales or a larger acquisition are the main strategic surprises; the company has a strong record of buying at cycle lows, which is not the current environment.

VALUATION & PRICE TARGETS

Current price $166.71. Consensus mean $184.50 (range $160-$213, 22 analysts).

Scenario	EPS	Multiple	Target	Change	Probability
Bull — oil above $85, capex peaks early	$11.50	18.0x	$207	+24%	25%
Base — mid-cycle oil, buyback continues	$10.40	16.8x	$175	+5%	50%
Bear — oil below $60, margins compress	$7.00	13.0x	$91	-45%	25%

Probability-weighted target: **$160** (-4%). We publish the base case of $175 because the dividend and buyback provide a total-shareholder-yield floor of roughly 5-6% that the probability-weighted arithmetic ignores, and because the bear case requires a crude collapse that would hit every energy name, not just this one. Cross-check on free cash flow: $23.6B at a 6.0% FCF yield gives $393B of equity value, or $96 per share — that is the deep-value floor, not a target. At a 3.5% FCF yield the equity is worth $674B, or $165 per share, which is where the stock trades. The market is already paying a mid-cycle price.

RISK ASSESSMENT

Company risks. Capital intensity: capex at 55% of operating cash flow leaves less room for a cost overrun than the balance sheet suggests, and the 2022-2025 trend is upward. Refining margins are cyclical and the downstream segment is the most volatile part of the earnings mix. Low-carbon projects have long paybacks and uncertain returns.

Macro risks. Beta of 0.14 to the S&P 500, so the stock is a diversifier, but it is a high-beta expression of crude. A recession that takes Brent below $60 would compress earnings by 30-40% and the multiple at the same time. Dollar strength is a modest negative for reported international earnings.

Position sizing. 2-3% of a diversified portfolio as an energy sleeve, 1-2% if the portfolio already has commodity exposure. The 52-week range is $112-$187, a 67% spread.

ESG and governance. Climate litigation, methane regulation and Scope 3 disclosure are the material issues. They affect the discount rate more than the cash flows in the next 12 months, but they are the reason European majors trade at half the multiple.

TECHNICAL CONTEXT & OPTIONS INTELLIGENCE

Price $166.71 against a 52-week range of $112.26-$187.25, 11.0% below the 52-week high, below the 50-day ($169.10) and above the 200-day ($154.94). The trend is up on the intermediate horizon and consolidating short term. Support is $155 (200-day) and then $140; resistance is $187. One-year return +43.2%, three-year +76.5%, five-year

+208.4%, with +28.7 points of excess return versus the S&P 500 over one year. **Options data (put/call, implied volatility, skew) was not verified in this dataset.**

MARKET POSITIONING

Energy (XLE) has been the best-performing US sector over three years on supply discipline and capital returns. Exxon has outperformed the sector over one year. The rotation risk is real: if AI capex leadership broadens, energy's relative strength fades, and a stock at 52-week highs with a 13x forward multiple has more downside than upside in that scenario.

INSIDER SIGNALS

Insider transaction data was **not verified** for this note. The observable capital-allocation signal is consistent: the dividend has grown every year for more than six decades, buybacks are running, and share count is falling — which is what a disciplined operator does at mid-cycle.

RECOMMENDATION SUMMARY

Metric	Value
Rating	HOLD
Conviction	Medium
Price target	$175
Timeframe	12 months
Upside	+5.0%
Position size	2-3%
What would prove this wrong	Capex guidance falling below $26B for 2027 with Brent above $70 — that would lift free cash flow by 20% and justify the consensus $184.50. A sustained move below $60 Brent would invalidate the base case entirely.

DATA APPENDIX

Source: Yahoo Finance statements and market data pulled 11 November 2026 (see `equity_research/XOM.json`). Balance sheet FY2025: cash $10.68B, debt $43.54B, equity $259.39B. Shares outstanding approximately 4.08B. Dividend yield 2.57% (about $4.28 per share, $17.5B in total, 74% of free cash flow).

DISCLAIMER

This analysis is for educational and research purposes only. Not financial advice. Past performance does not guarantee future results. Consult a qualified financial professional before making investment decisions. All investments carry risk of loss.